

SUPERIOR ENERGY SERVICES, INC.

**Financial Statements for
the Quarter Ended March 31, 2025**

SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES
Consolidated Balance Sheets
(in thousands, except per share data)

	<u>March 31, 2025</u>	<u>December 31, 2024</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 312,765	\$ 343,995
Accounts receivable, net	207,452	209,186
Inventory	63,273	56,481
Income taxes receivable	18,836	15,851
Prepaid expenses	22,349	27,100
Other current assets	9,524	6,147
Total current assets	<u>634,199</u>	<u>658,760</u>
Property, plant and equipment, net	399,599	384,044
Note receivable	72,170	70,940
Restricted cash	54,129	53,824
Deferred tax assets	57,120	71,186
Other assets, net	73,841	40,700
Total assets	<u>\$ 1,291,058</u>	<u>\$ 1,279,454</u>
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	\$ 48,177	\$ 47,577
Accrued expenses	99,052	115,818
Income taxes payable	10,086	13,910
Decommissioning liability	20,753	29,411
Total current liabilities	<u>178,068</u>	<u>206,716</u>
Decommissioning liability	194,733	191,408
Other liabilities	34,303	35,433
Total liabilities	<u>407,104</u>	<u>433,557</u>
Stockholders' equity:		
Common stock \$0.01 par value; 52,000 shares authorized; 20,132 shares and 20,216 shares issued and outstanding at March 31, 2025 and December 31, 2024, respectively	201	202
Additional paid-in capital	904,937	911,862
Retained deficit	(21,184)	(66,167)
Total stockholders' equity	<u>883,954</u>	<u>845,897</u>
Total liabilities and stockholders' equity	<u>\$ 1,291,058</u>	<u>\$ 1,279,454</u>

See accompanying notes to consolidated financial statements.

SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES
Consolidated Statements of Operations
(in thousands, except share data)

	For the Three Months Ended March 31,	
	2025	2024
Revenues	\$ 226,236	\$ 208,634
Cost of revenues	108,439	106,639
Depreciation, depletion, amortization and accretion	24,626	20,447
General and administrative expenses	34,452	34,975
Other (gains) and losses, net	663	(1,082)
Income from operations	58,056	47,655
Other income (expense):		
Interest income, net	4,731	6,840
Other expense, net	(293)	(1,813)
Income from continuing operations before income taxes	62,494	52,682
Income tax expense	(17,511)	(14,787)
Net income	<u>\$ 44,983</u>	<u>\$ 37,895</u>
Income per share - basic:		
Net income from continuing operations	\$ 2.23	\$ 1.88
Income from discontinued operations, net of tax	-	-
Net income	<u>\$ 2.23</u>	<u>\$ 1.88</u>
Income per share - diluted:		
Net income from continuing operations	\$ 2.23	\$ 1.88
Income from discontinued operations, net of tax	-	-
Net income	<u>\$ 2.23</u>	<u>\$ 1.88</u>
Weighted-average shares outstanding		
Basic	20,128	20,162
Diluted	20,142	20,180

See accompanying notes to consolidated financial statements.

SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES
Consolidated Statements of Changes in Stockholders' Equity (Deficit)
(in thousands, except per share data)

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Total</u>
	<u>Class A</u>				
	<u>Shares</u>	<u>Amount</u>	<u>Class A</u>		
Balances, December 31, 2023	20,151	\$ 202	\$ 911,388	\$ 49,321	\$ 960,911
Net income	-	-	-	134,930	134,930
Cash dividends (\$12.38 per share)	-	-	-	(250,418)	(250,418)
Shares repurchased	(15)	-	(961)	-	(961)
Common stock issued	33	-	-	-	-
Restricted stock units vested	68	-	-	-	-
Shares withheld and retired	(21)	-	(1,363)	-	(1,363)
Stock-based compensation expense, net	-	-	2,798	-	2,798
Balances, December 31, 2024	20,216	\$ 202	\$ 911,862	\$ (66,167)	\$ 845,897
Net income	-	-	-	44,983	44,983
Shares repurchased	(90)	(1)	(7,226)	-	(7,227)
Restricted stock units vested	9	-	-	-	-
Shares withheld and retired	(3)	-	(154)	-	(154)
Stock-based compensation expense, net	-	-	455	-	455
Balances, March 31, 2025	20,132	\$ 201	\$ 904,937	\$ (21,184)	\$ 883,954

See accompanying notes to consolidated financial statements.

SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(in thousands)

	For the Three Months Ended	
	March 31,	
	2025	2024
Cash flows from operating activities:		
Net income	\$ 44,983	\$ 37,895
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation, depletion, amortization and accretion	24,626	20,447
Deferred income taxes	14,045	4,538
Stock-based compensation expense	455	1,105
Other (gains) and losses, net	663	(1,083)
Decommissioning costs	(6,927)	-
Other reconciling items, net	(1,357)	(1,755)
Changes in operating assets and liabilities	(11,761)	27,747
Net cash from operating activities	64,727	88,894
Cash flows from investing activities:		
Payments for capital expenditures	(29,409)	(20,698)
Proceeds from sales of assets	215	2,616
Cash paid for acquisitions, net cash acquired	(56,827)	-
Cash paid for intangibles	(2,250)	-
Net cash from investing activities	(88,271)	(18,082)
Cash flows from financing activities:		
Distributions to shareholders	-	(250,417)
Repurchase of shares	(7,227)	(962)
Tax withholdings for vested restricted stock units	(154)	(1,005)
Net cash from financing activities	(7,381)	(252,384)
Net change in cash, cash equivalents, and restricted cash	(30,925)	(181,572)
Cash, cash equivalents, and restricted cash at beginning of period	397,819	477,128
Cash, cash equivalents, and restricted cash at end of period	\$ 366,894	\$ 295,556

See accompanying notes to consolidated financial statements.

SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(unless noted otherwise, amounts in thousands, except share data)

(1) Basis of Presentation

Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) have been condensed or omitted. However, management believes the disclosures are adequate such that the information presented is not misleading.

As used herein, “we,” “us,” “our” and similar terms refer to Superior Energy Services, Inc. and its consolidated subsidiaries, unless otherwise specifically stated.

(2) Accounts Receivable, Net

Our allowance for credit losses as of March 31, 2025 and December 31, 2024 was approximately \$4.3 million and \$4.6 million, respectively.

(3) Inventory

The components of inventory balances are as follows (in thousands):

	March 31, 2025	December 31, 2024
Finished goods	\$ 28,243	\$ 33,409
Raw materials	10,014	8,714
Work-in-process	8,390	7,532
Supplies and consumables	16,626	6,826
Total	\$ 63,273	\$ 56,481

Finished goods inventory includes component parts awaiting assembly of approximately \$19.2 million and \$18.6 million as of March 31, 2025 and December 31, 2024, respectively.

(4) Decommissioning Liability

The following table presents our decommissioning liability as of the periods indicated (in thousands):

	March 31, 2025	December 31, 2024
Wells	\$ 136,096	\$ 142,546
Platform	79,390	78,273
Total decommissioning liability	215,486	220,819
Note receivable (see Note 5 - Note Receivable)	(72,170)	(70,940)
Total decommissioning liability, net of note receivable	\$ 143,316	\$ 149,879

The following table presents accretion expense as of the periods indicated (in thousands):

	For the Three Months Ended	
	March 31,	
	2025	2024
Accretion expense	\$ 3,324	\$ 2,511

(5) Note Receivable

Our note receivable consists of a commitment from the seller of our oil and gas property for costs associated with the abandonment of the platform. Pursuant to an agreement with the seller, we will invoice the seller an agreed upon amount at the completion of certain decommissioning activities. In December 2024, revisions to our decommissioning cost estimates increased the gross amount of the seller's obligation to us, which totaled \$110.9 million as of December 31, 2024. The carrying value of the note receivable, which is recorded at its present value, totaled \$72.2 million and \$70.9 million as of March 31, 2025 and December 31, 2024, respectively.

The discount on the note receivable is currently based on an effective interest rate of 7.1% and is amortized to interest income over the expected timing of the completion of the decommissioning activities, which are expected to be completed during the year ending December 31, 2031. Interest receivable is considered paid in kind and is compounded into the carrying amount of the note. Interest income related to the note receivable is included in Other reconciling items, net in the Consolidated Statements of Cash Flows.

We recorded non-cash interest income related to the note receivable as follows (in thousands):

	For the Three Months Ended	
	March 31,	
	2025	2024
Interest income	\$ 1,230	\$ 1,208

(6) Property, Plant and Equipment, Net

A summary of property, plant and equipment, net is as follows (in thousands):

	March 31, 2025	December 31, 2024
Machinery and equipment	\$ 487,194	\$ 476,455
Buildings, improvements and leasehold improvements	68,700	68,705
Vehicles	10,592	8,811
Furniture and fixtures	22,581	21,364
Construction-in-progress	36,320	30,722
Land	29,045	29,030
Oil and gas producing assets	94,611	93,754
Other ⁽¹⁾	13,701	-
Property, plant and equipment, gross	762,744	728,841
Accumulated depreciation and depletion	(363,145)	(344,797)
Property, plant and equipment, net	<u>\$ 399,599</u>	<u>\$ 384,044</u>

⁽¹⁾ Other property, plant and equipment pertains to the purchase of Rival Downhole Tools ("Rival") on February 28, 2025 subject to valuation.

We had \$6.3 million and \$6.0 million of leasehold improvements at March 31, 2025 and December 31, 2024, respectively. These leasehold improvements are depreciated over the shorter of the life of the asset or the term of the lease using the straight line method. Oil and gas producing assets include capitalized asset retirement costs associated with our oil and gas property, which are being depreciated over the remaining life of the underlying reserves.

A summary of depreciation and depletion expense associated with our property, plant and equipment is as follows (in thousands):

	For the Three Months Ended	
	March 31,	
	2025	2024
Depreciation	\$ 16,350	\$ 16,134
Depletion	4,718	1,572
Total depreciation and depletion	<u>\$ 21,068</u>	<u>\$ 17,706</u>

(7) Debt

Credit Facility

In December 2023, we and certain of our subsidiaries (the “Parent Entities”) and SESI, L.L.C. (the “Borrower”) entered into an Amended and Restated Credit Agreement (the “Credit Agreement”) with JPMorgan Chase Bank, N.A., as administrative and collateral agent, and other lenders providing for a senior secured asset-based revolving credit facility in an aggregate principal amount of \$140.0 million (including a sub-facility for financial letters of credit) (the “Credit Facility”). The issuance of letters of credit will reduce availability under the Credit Facility dollar-for-dollar. The Credit Facility matures on December 6, 2028, subject to certain conditions set forth in the Credit Agreement.

As of March 31, 2025, the borrowing base under the Credit Facility was approximately \$90 million and we had \$42.8 million of letters of credit outstanding that reduced the borrowing availability under the revolving credit facility. We had no outstanding borrowings under the Credit Facility as of March 31, 2025.

(8) Equity and Earnings per Share

Our common equity consists of Class A Common Stock, par value \$0.01 per share (the “Class A Common Stock”). All holders of Class A Common Stock have one vote per share in matters subject to a stockholder vote.

The following table presents the reconciliation between the weighted average number of shares for basic and diluted earnings per share.

	For the Three Months Ended	
	March 31,	
	2025	2024
Weighted-average shares outstanding - basic	20,128	20,162
Potentially dilutive stock awards and units	14	18
Weighted-average shares outstanding - diluted	20,142	20,180

(9) Stock-Based Compensation Plans

2021 Management Incentive Plan

Under the current Management Incentive Plan (“MIP”), the Company may grant restricted stock, restricted stock units, performance stock units, or other stock-based awards to eligible participants. The Company recognized total stock-based compensation expense of approximately \$0.5 million and \$1.1 million for the three months ended March 31, 2025 and 2024, respectively, which is reflected in general and administrative expenses.

(10) Income Taxes

The effective tax rate for the three months ended March 31, 2025 and 2024 were 28.0% and 28.1%, respectively. The effective tax rate for both periods were impacted by non-deductible items and foreign tax rates that differ from the U.S. federal statutory rate of 21.0% and losses in certain foreign jurisdictions which could not be benefitted. Additionally, both periods received a beneficial impact for current year foreign tax credits.

The Organization for Economic Co-operation and Development (“OECD”) reached agreement on Pillar Two Model Rules (“Pillar Two”) to implement a minimum 15% tax rate on certain multinational companies. Many countries are in the process of proposing and enacting tax laws to implement the Pillar Two framework. We determined these rules did not have a material impact on our taxes for the three months ended March 31, 2025 and will continue to evaluate the impact of these proposals and legislative changes as new guidance emerges.

We had approximately \$45.3 million in gross U.S. foreign tax credit deferred tax assets with a valuation allowance of \$25.6 million against them as of December 31, 2024. We continue to evaluate the realizability of our U.S. foreign tax credit carryforwards and may

have additional valuation allowance releases in future periods if we achieve positive cumulative income results of appropriate character and timing that provide sufficient positive evidence to do so.

We had unrecognized tax benefits of \$2.9 million as of March 31, 2025, all of which would impact our effective tax rate if recognized. It is reasonably possible that all of unrecognized tax benefits could be settled in the next twelve-month period due to the conclusion of tax audits or due to the expiration of statute of limitations.

(11) Segment Information

Our reportable segments are Rentals and Services.

Business Segments

The products and service offerings of our Rentals segment are comprised of value-added engineering and design services, rental of premium drill strings, tubing, landing strings, completion tubulars and handling accessories, manufacturing and rental of bottom hole assemblies, and rentals of accommodation units.

The products and service offerings of our Services segment are comprised of risk management, well control and training solutions, hydraulic workover and snubbing services, engineering and manufacturing of premium sand control tools, and onshore international production services. The Services segment also includes the operations of our offshore oil and gas property.

We evaluate the performance of our reportable segments based on income or loss from operations. The segment measure is calculated as segment revenues less segment operating expenses, including general and administrative expenses, depreciation, depletion, amortization and accretion expense and other (gains) and losses, net. We use this segment measure to evaluate our reportable segments as it is the measure that is most consistent with how we organize and manage our business operations. Corporate and other costs primarily include expenses related to support functions, including salaries and benefits for corporate employees.

Summarized financial information for our segments is as follows (in thousands):

<u>For the Three Months Ended March 31, 2025</u>				
	<u>Rentals</u>	<u>Services</u>	<u>Corporate and Other</u>	<u>Consolidated Total</u>
Revenues	\$ 105,687	\$ 120,549	\$ -	\$ 226,236
Cost of revenues (exclusive of items shown separately below)	38,962	69,477	-	108,439
Depreciation, depletion, amortization and accretion	12,027	11,948	651	24,626
General and administrative expenses	7,567	12,303	14,582	34,452
Restructuring and transaction expenses	-	-	-	-
Other (gains) and losses, net	(4)	667	-	663
Income (loss) from operations	<u>\$ 47,135</u>	<u>\$ 26,154</u>	<u>\$ (15,233)</u>	<u>\$ 58,056</u>

<u>For the Three Months Ended March 31, 2024</u>				
	<u>Rentals</u>	<u>Services</u>	<u>Corporate and Other</u>	<u>Consolidated Total</u>
Revenues	\$ 108,091	\$ 100,543	\$ -	\$ 208,634
Cost of revenues (exclusive of items shown separately below)	37,766	68,873	-	106,639
Depreciation, depletion, amortization and accretion	11,810	8,131	506	20,447
General and administrative expenses	7,192	11,327	16,456	34,975
Restructuring and transaction expenses	-	-	-	-
Other (gains) and losses, net	112	(1,180)	(14)	(1,082)
Income (loss) from operations	<u>\$ 51,211</u>	<u>\$ 13,392</u>	<u>\$ (16,948)</u>	<u>\$ 47,655</u>

Geographic Information

We operate in the U.S. and in various other countries throughout the world. Our international operations are primarily focused in Latin America, Asia-Pacific and the Middle East regions. We attribute revenue to various countries based on the location where services are performed or the destination of the drilling products or equipment sold or rented.

The following represents domestic and international revenues for the periods presented:

	For the Three Months Ended	
	March 31,	
	2025	2024
Rentals		
U.S. land	\$ 31,418	\$ 39,006
U.S. offshore	42,389	37,251
International	31,880	31,834
Total Rentals	105,687	108,091
Services		
U.S. land	8,396	7,466
U.S. offshore	37,611	28,872
International	74,542	64,205
Total Services	120,549	100,543
Total Revenues	\$ 226,236	\$ 208,634

(12) Supplemental Cash Flow Information

The table below is a reconciliation of cash, cash equivalents and restricted cash for the beginning and the end of the period for all periods presented (in thousands):

	March 31,	
	2025	2024
Cash and cash equivalents	\$ 343,995	\$ 391,684
Restricted cash-non-current	53,824	85,444
Cash, cash equivalents, and restricted cash, beginning of period (January 1st)	\$ 397,819	\$ 477,128
Cash and cash equivalents	\$ 312,765	\$ 237,845
Restricted cash-non-current	54,129	57,711
Cash, cash equivalents, and restricted cash, end of period (March 31th)	\$ 366,894	\$ 295,556

Accrued capital expenditures totaled \$6.1 million and \$18.0 million as of March 31, 2025 and 2024, respectively.

Changes in operating accounts on cash flows from operating activities are as follows (in thousands):

	For the Three Months Ended	
	March 31,	
	2025	2024
Accounts receivable, net	\$ 15,794	\$ 33,771
Inventory	1,336	5,900
Prepaid expenses and other current assets	6,999	(1,220)
Accounts payable	1,502	(8,388)
Accrued expenses	(27,953)	(8,821)
Income taxes	(7,207)	4,494
Other, net	(2,232)	2,011
Changes in operating assets and liabilities	\$ (11,761)	\$ 27,747

(13) New Accounting Pronouncements

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which requires the annual financial statements to include consistent categories and greater disaggregation of information in the rate reconciliation, and income taxes paid disaggregated by jurisdiction. ASU 2023-09 is effective for annual reporting periods beginning after December 15, 2025, with early adoption permitted, and should be applied on a prospective basis with a retrospective option. We are currently evaluating the effect the adoption of ASU 2023-09 will have on our disclosures.